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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

April 21, 1997

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First National Bank of Steeleville  
Charter # 14437

319 W. Broadway, Box 97  
Steeleville, Illinois 62288

Comptroller of the Currency

Fairview Heights Duty Station  
13 Executive Drive, Suite 7  
Fairview Heights, Illinois 62208

**NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of the **First National Bank of Steeleville** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 21, 1997**. This evaluation is based on information since the last CRA examination dated November 7, 1994. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated "Satisfactory Record of Meeting

Community Credit Needs."

- The bank's loan to deposit ratio is reasonable with an average ratio of 64% over the past ten quarters.
- A majority (74%) of the loans are in the bank's assessment area.
- The bank's level of lending to borrowers of different income levels is good.

The following table indicates the performance level of *First National Bank of Steeleville* with respect to each of the five performance criteria.

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b>FIRST NATIONAL BANK OF STEELEVILLE PERFORMANCE LEVELS</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does not meet Standards for Satisfactory Performance</b>
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes	X		
Geographic Distribution of Loans	Not rated as the entire assessment area is middle income.		
Response to Complaints	No complaints were received since the previous examination.		

## **DESCRIPTION OF INSTITUTION**

First National Bank of Steeleville, located in Steeleville, Illinois, is owned and operated by Steeleville Bancshares, Inc., a one-bank holding company. The bank also operates a full-service branch in Percy, Illinois. As of March 31, 1997, the bank's assets totaled \$106 million. The bank's primary business focus is in commercial lending, 1-4 family residential real estate lending, and consumer lending. Loans to finance commercial or industrial programs totaled 46% of the portfolio, 1-4 family residential property, totaled 36%, and loans to individuals totaled 18%.

There are no known constraints placed on the bank's ability to meet the community credit needs. The bank has adequate resources to provide for the credit needs of its assessment area. The type and amount of CRA activities are consistent with the bank's size, financial capacity, and local economic conditions. First National Bank of Steeleville's prior CRA rating dated November 7, 1994, was a "Satisfactory Record of Meeting Community Credit Needs."

## **DESCRIPTION OF ASSESSMENT AREA**

First National Bank of Steeleville designated its assessment area as Block Numbering Areas (BNAs) 9505, 9510, 9511 in Randolph County, BNA 303 in Perry County, and BNA 101 in Jackson County. This is a contiguous area and meets the criteria of the regulation. The bank and branch office are in BNA 9511 in Randolph County.

Randolph, Perry and Jackson Counties are non-Metropolitan Statistical Areas (MSA) located approximately 65 miles southeast of St. Louis, Missouri. Based on the non-MSA median family income for Illinois in 1990, each BNA within the bank's assessment area is middle income. Randolph County contains nine BNAs; there are no low- or moderate-income BNAs within the county. Perry County contains six BNAs; there is one moderate income BNA in the county. Jackson County contains fifteen BNAs; there are two low-income and four moderate-income BNAs within the county. The bank did not arbitrarily exclude any low- or moderate-income areas by designating only a portion of these counties within its assessment area.

Economic conditions in both Randolph and Perry County continue to decline due to local coal mine and plant closings. As of February 28, 1997, the unemployment rate in Randolph County is 9.4%; Perry County it is 11.6%. Economic conditions in Jackson County are stable with an unemployment rate of 5.9%. The state and national rate for the same period is 5.5%. Major employers in this assessment area are Gilster-Mary Lee, the State of Illinois, Spartan Light Metals, American Device Manufacturing Company, and local coal companies. Bank management identified consumer and fixed-rate residential real estate loans as the primary credit needs of the assessment area.

The combined population of this assessment area as of the 1990 census was 14,557. The median family income was \$29,694.

The 1997 non-MSA median family income for Illinois is \$37,600. Census information on family incomes aggregated for this assessment area show that 18% of the families are low-income, 18% are moderate-income, 25% are middle-income, and 39% are upper-income families.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Loan to Deposit Ratio:**

The bank's loan to deposit ratio is reasonable. The bank's average loan to deposit ratio for the ten quarters between December 31, 1994 and March 31, 1997 is 64%. As of March 31, 1997, the bank's loan to deposit ratio is 63%. The average loan to deposit ratio among similarly situated financial institutions ranges between 42% and 60% for the same period.

### **Lending in the Assessment Area:**

A majority of the loans are within the bank's assessment area. A bank-generated loan analysis revealed that 77% of the real estate loans are in the assessment area. Our review of loans originated in 1996 and 1997 found that 74% of the number of loans and 75% of the dollar amount of loans are in the bank's assessment area.

### **Lending to Borrowers of Different Income Levels and Businesses and Farms of Different Sizes:**

The distribution of borrowers reflects a good penetration among individuals of different income levels, including low and moderate income, and businesses and farms of different sizes. An analysis of consumer, home purchase, agriculture, and small business loans was performed to determine the distribution of credit within the assessment area by borrower income and business size and revenue. This analysis found that 63% of the consumer and real estate originations are to low- and moderate-income borrowers. Our review found that 75% of the business loans are to businesses and farms with revenues less than \$1 million. All these loans have original amounts of \$500,000 or less.

### **Geographic Distribution of Loans:**

All BNAs in the bank's assessment area are middle income. An analysis of the geographic distribution of loans within the assessment area does not provide meaningful information.

**Compliance with Antidiscrimination Laws:**

In conjunction with the CRA evaluation, we performed a review of the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act. No substantive violations of these antidiscrimination laws and regulations were identified.